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Exceptions Filed By State Bankers

Methods of Federal Reserve Board
Sharply Attacked in Meeting at
Washington, Condemning and
Deprecating Methods.

Washington, Oct. 20.—While a survey of the financial policies of the government by Secretary Houston drew the attention of delegates today at the general session of the American Bankers' association convention, state bankers in their section meeting which followed brought administration of the federal reserve system under fire. They adopted resolutions "condemning and deprecating methods employed by the board" in its relations with state banks which are not members of the reserve system, although the board did not lack defenders during the discussion.

Indignation against the board's regulation compelling the collection of checks and remittance of the face amount at par was freely expressed. Governor Harding was styled a "usurper" of authority and a committee was named to seek amendment of the reserve act so as to "guarantee to all bankers the rights and privileges" of fixing a charge on the handling of checks drawn on all excepting local banks.

Par Clearance System.
Speakers declared Governor Harding had employed "force and coercion" by enforcing the use of the par clearance system under which many state banks were said to have been compelled to enter the reserve system or lose certain classes of business. This was "not only unfair but without basis in law," it was asserted.

Charles De B. Clairborne of New Orleans declared the service rendered by the banks in the transfer of checks was legitimate and the banks were entitled to compensation. He asserted that the arrangements ordered by the reserve board for par clearance "does not make every check worth 100 cents on the dollar because there is nearly always an exchange charge so the merchant who supports par clearance does not gain anything." If the merchants have benefited by the system, Mr. Clairborne contended "the public has not been able to see it deflected in reduced prices."

The reserve board's staunchest defender was O. Howard Wolfe of Philadelphia, who asserted that abolition of the clearance and remittance charges and establishment of the countrywide gold settlement interests \$135,000,000 last year. This amount, he said, would have been exacted as "tax" on business had not the board organized a system to clear all exchanges of bank drafts.

Strong for System.
Although he joined in the protest against the par clearance regulations, E. C. McDougal of Buffalo who was elected president of the state banks section of the association, expressed unqualified approval of the principles of the reserve system. He declared it had "come to stay" and urged the state bankers to work together for its growth instead of "complaining about it all of the time."

"Many country banks are much incensed," he continued, "against the federal reserve banks because of their policy of forcing par collections from banks which are not members of the system. Personal feelings of the officers of these non-member banks is also a factor in keeping them out of the reserve system. The question of collection charges is one thing; the question of proper mobilization of reserves is another and entirely different thing. However resentful country bankers may be on the question of collection charges, they, in common with all banks of the country, contribute their fair share towards the expense of maintaining our gold reserves."

Mr. McDougal warned the bankers that "the fool's paradise through which you have lived for the past two or three years" would not always continue. He urged restoration of the conservatism which prevailed in banking circles prior to the arrival

STATEMENT OF ROOT CHALLENGED BY COX

LEAGUE POSITION NOT AS OUTLINED.

Former Secretary of State Quoted
as Having Said That Ohio Governor
Demands League Just as
Mr. Wilson Negotiated It.

Bridgeport, Conn., Oct. 20.—Governor Cox of Ohio today sent a telegram to Elihu Root, asking him to "correct" what the Democratic candidate declared was a "false" statement in Mr. Root's address yesterday regarding the governor's position upon the league of nations issue. The governor denies Mr. Root's statement that he demands the league "just as Mr. Wilson negotiated it" and called upon Mr. Root for a retraction.

In making public his telegram to Mr. Root, Governor Cox issued a statement declaring that Mr. Root and 50 other prominent Republicans signed the recent statement in behalf of Senator Harding, Republican nominee, "were attempting to deceive the voters, they are permitting their partisanship to rise above their patriotism and trusting perhaps that the last wobble of Senator Harding may be in their direction."

Telegram From Cox.
The governor's telegram follows: "Elihu Root, New York City:

"I have before me a quotation from your address on the league of nations delivered in New York city, October 19, which reads: 'Mr. Cox declared that he will insist upon the treaty just as Mr. Wilson negotiated it.' I am addressing you most respectfully with recognition of your integrity of purpose and the signal service which you have rendered as a public man, mindful of the fact that you may have fallen into error through ignorance of the situation owing to your absence from the United States during a part of the presidential campaign. Your statement, however, is not in keeping with the facts which you are assumed to know by perusal of the daily papers. I have invariably stated in my addresses, and restate here, my wholehearted desire to make the United States a member of the league of nations, and that, to secure that consummation of the purpose of America when she entered the war, I will accept reservations that will clarify, that will be helpful that will reassure the American people; and that, as a matter of good faith, will clearly state to our associates in the league that congress and congress alone has the right to declare war, and that our constitution set up limits on the legislation or treaty making beyond which we can not go. I have stated further that I will accept reservations from any source which are offered in sincerity and with a desire to be helpful. I have also stated that if I am elected president my election can be construed only as a mandate of the American people, and that to secure ratification of the treaty and the league I would sit down with the members of the United States senate; I would confer with Mr. Wilson and with you, Mr. Root, as well as with Judge Taft and all others, who have a sincere purpose and whose service in the past equips them as advisers in this work. You know and know full well that Senator Harding very recently said: 'I am not interested in clarification; I am interested in rejection.' As I have stated at the be-

ginning of the "seller" market when anybody could make money, because "immunity from losses" can not be indefinitely.

The state bank section elected E. S. Hecht of New Orleans vice president and Fred Collins of Memphis chairman of the executive committee.

(Signed) "James M. Cox."

"SCARE IN COTTON" DECLARES HESTER

ISSUES STATEMENT OF ENCOURAGEMENT.

In Ten Weeks More Than One Million Bales of Cotton Have Literally Been Thrown Overboard Without Rhyme or Reason, Says Statement.

New Orleans, Oct. 20.—In a statement prepared at the instance of the New Orleans cotton exchange directors and made public tonight, Henry G. Hester, secretary of the exchange and for 5 years regarded as an international authority on matters pertaining to cotton marketing, declares there is "no reason for rushing for federal financial aid" and asserted there was "nothing the matter with the South beyond an unreasonable scare in cotton."

The statement, prepared "for the benefit and encouragement of those who are not fully informed," follows: "The drastic decline that has occurred in cotton since the first of August, amounting to nearly \$50 a bale, or about 48 per cent., has been mainly due to the pressure to sell or a shrinking market, undermining confidence on both sellers and consumers, accentuating the fears of the former and increasing the reluctance of the latter until they practically abandoned the market except at constant concessions, which in the aggregate probably constitute the greatest drop that has ever taken place in the staple in any like period. In the past ten weeks, more than 1,000,000 bales of spot cotton have literally been 'thrown overboard' without rhyme or reason. Nearly three-fourths of the Texas ginnings to September 2 have been rushed to market and while other sections have sold more sparingly, the reported sales at three leading Texas centers have mounted to more than 800,000 bales. Futures have perforce followed spots, the pressure having been accentuated by sales to hedge spot.

Various Theories Given.

"Various theories have been given for the 'scare' mainly the question of financing, unfavorable attitude of the federal bank and tight money. Neither of these, however, should reasonably have precipitated a practical panic. Calm thinkers consider there was no reason for asking for federal aid than during the 'buy a bale' period of 1914. We marketed that year more than was ever marketed in any year in the history of trade and if we did not get as much for our bales as we should have, we laid the foundation of an upward trend and brought more money into the South, fairly earned, in the years that followed, than had ever before been obtained in our history. Why then should we after four seasons in which our raw cotton including the seed has exceeded in value \$7,970,000,000, balk at carrying a few million bales pending a temporary lull in demand? Has not that very lull been lengthened by the senseless and unreasoning fears of producers?" Of course, everybody knows that the government's efforts to lower the high cost of living has exercised some influence but that has been by no means entirely responsible for the cotton panic. Let us look at the government's figures for the months of August and September, 1920. In face of all the talk about reduction of consumption, we find that the mills North and South consumed of cotton from August 1 to September 30, 384,000 bales against 943,000 for

gaining I am placing a charitable construction upon your statement; that perhaps your partisanship has prevented your reading my address and your prejudice has prevented you from realizing the destructionist attitude of your own candidate, but you have made a statement concerning me which the records show is false, and I firmly but respectfully call upon you to correct this statement at once. Mr. Root, you have arrived at honorable station in life. Many people trust you. You have no right to deceive them. They want the truth in this campaign. Your conscience will tell you that duty to it should be superior to duty to your party."

(Signed) "James M. Cox."

the same time last year, a decrease of only 59,000 bales. This then was not where the shoe pinched as far as domestic consumption was concerned. When the mills became informed of the growing fears of the Southern producers of a decline in values they fell back on their supplies of raw cotton and during the two months used up 436,000 bales of their reserve stocks. Thus, on July 31, the census said mills North and South held 1,209,000 bales of American lint cotton while on October 1, the same authority gave them a total of only 773,000 bales. In September in face of the panicky feeling that was spreading in the spot market the Southern mills consumed 281,000 bales of lint cotton and they held remaining but about 283,000 bales or about a month's supply.

Comparison of Figures.

"Comparing the situation now with July 31, the showing is: Stocks, American mills, North and South, of American lint cotton, July 31, 1920 (per census), 1,209,000 bales.

"European port stocks and affoot for Europe, July 31, 2,312,000.

"Today, July 31, 2,312,000.

"American mills stocks, North and South of lint cotton, October 1, 1920, 773,000.

"European port stocks and affoot, October 1, 1,001,000.

"Decrease lint cotton since July 31, 788,000 bales.

"Totals, 2,124,000.

"In other words, there was a shrinkage in mill stocks at home and abroad and in the European supply of about 800,000 bales of lint cotton—a vacuum that must and will be filled when the market is permitted to settle down to normal conditions. In considering these figures we are dealing with the present, not with the past. The 'upset' due in large part to the scares of holders which have reacted upon consumers, unsettling both ends of the line, can not be otherwise than temporary and will hardly affect the year's consumption as a whole. The mills are quite as anxious as the producers for the resumption of normal function. The remedy lies with the Southern producer and holder, who should be quite able to cope with the situation.

"The retail trade, which is the real foundation, is, we are told by the best authorities, 'proceeding on a nearly normal basis so far as volume is concerned."

"Confidence must be restored from the producers' end. The wave of buying or for the replenishment for themselves with only a knowledge that the room is at the top and not at the bottom.

"There is nothing the matter with the South beyond an unreasoning scare in cotton. Our institutions are solid, our banks are in splendid condition, better than ever known, and they have been made so by the people's money, resultant from the prosperity of the past few years. Their interests are the people's interests and we need not be forced to seek outside of our own section for the solving of our problem. The world wants our cotton, the like of which can not be obtained elsewhere. The world must supply its needs from our supply and a people who would throw overboard their products at 'less than cost' under existing conditions would class nothing short of 'bedlamites.' We are not and have never been that kind."

GOOD FOR THE WOMEN OF NEWBERRY COUNTY

The women of Newberry county have contributed liberally to the dollar Democratic fund but several of the chairmen from the different wards and townships have not reported. As the time is drawing very near a close please do this as early as you possibly can. We have already sent Mrs. R. A. Cooper, state chairman, \$346.85 and now have on hand \$6, making a total of \$352.85 to date. Can't we make this \$500?

Maggie Thomasson,
County Treasurer.

Bonus to Soldiers.

A bonus was given to British soldiers ranging from \$24.30 to \$140.94 a month, contingent on length of service on an increasing scale for higher grades. Major generals received \$7,290.

HARRIS BULLISH DESPITE PRICES

COMMISSIONER SAYS COTTON FAMINE AT HAND.

Closing Down of Mills Means Gain for Farmers—Commodity Will Go Up.

The State.

"I am more bullish on the cotton market than I have been in the last ten years," said Commissioner Harris yesterday. "I hope that the cotton farmers of the South will be bulls from now on. Some of them have been helping the bears too much. The sooner will cotton go up if the farmers stick to the bull side. No matter how much the interests juggle with the futures market, just remember they can't spin contracts."

"I maintain that, according to the law of supply and demand, we face the most acute famine in spinable cotton in all history of cotton. The law of supply and demand can not be ignored indefinitely. It is the natural law and should govern the prices of all commodities. Now, spots holders, don't get scared when you hear of a cotton mill shutting down or curtailing. If they are not making money now out of manufacturing, God pity them, for cotton is going higher."

"By the way, I wonder if the present status of marketing is what Mr. Harding of the federal reserve board and Secretary Houston call 'orderly marketings.' I would fear to see the market when it becomes disorderly, according to their judgment."

"In many ways I consider conditions worse now than at this time in 1914, when our people were the innocent sufferers of a financial crisis brought on by a war in Europe. I find that some are placing the blame upon the secretary of the treasury and the governor of the federal reserve board. I believe that there was no provocation for such a radical deflation of values as we have seen. No one seems to be willing to admit responsibility—but I claim this, it was not brought about by natural causes."

Farmer Great Producer.

"The farmer is in the vast majority in this country, and yet he has the least to say about the making of the laws under which he lives. The wealth of the world is produced from the soil, in agriculture, mining, etc. The manufacturer takes the raw material and adds a few dollars to its value. There is not a bank in the world that has produced a new dollar. Money that is produced goes through the bank and it charges percentage and interest and creates wealth for the bank."

"The merchant does not produce a new dollar. He buys his goods, puts them on the shelf and sells them for a profit. That profit is not a new dollar made, but a dollar 'turned over.'"

"The new dollar is the only thing that counts. Why, at this time, should this great deflation come when producers have produced their new crop, ready for sale, at their own expense? I would like to exonerate the bankers of this state as far as I can. It seems that Mr. Houston's and Mr. Harding's idea of orderly marketing is to pick the crop and sell it as fast as you can, matters not whether there is a profit."

"As a matter of fact, very little money can be had to keep it off the market. Even in California and Arizona, they have their difficulties. A delegate from Arizona in Washington last week made this statement: 'He produces a long staple, selling for \$1.50 per pound last year. He had 200 bales, put them in a warehouse, went over to a banker and applied for \$25,000. The banker asked him if it was for an acceptance or if the owner wished to hold his cotton. When informed that the owner wished to store his cotton, the banker said, 'You can't hold it off the market.' All the money that is needed to buy cotton is reported to be available, but none for warehousing. These orders appear to be uniform from Carolina to California in the cotton belt."

"It is all right, some seem to think, for the manufacturer to warehouse his product and hold for a profit."

(Continued on page 2.)

Position of Lodge Scored In His State

PALMER ORDERS RIGID INQUIRY

CALLS FOR INVESTIGATION OF
SAN FRANCISCO REPORTS.

Acting Mayor Denies That He
Said Attorney General Knew
of Whiskey.

Washington, Oct. 18.—Attorney General Palmer today directed the United States district attorney at San Francisco to "make a full investigation of reports" that 40 barrels of whiskey and gin were withdrawn from bond at San Francisco for the entertainment of the delegates to the Democratic national convention. At the same time Mr. Palmer, in a telegram to Acting Mayor McLeran, of San Francisco, called upon that official either to produce the proof of or publicly retract a statement attributed to him that Mr. Palmer knew all about the whiskey transaction at the time.

Mr. Palmer's message to the acting mayor was predicated upon special dispatches from San Francisco appearing in newspapers in Washington and other cities yesterday morning. These dispatches said facts as to the withdrawal of the whiskey had been disclosed by a grand jury investigation.

Sacramento, Calif., Oct. 18.—Acting Mayor Ralph McLaren of San Francisco in Sacramento today denied he had ever said "Attorney General Palmer knew all about the transaction" whereby 41 barrels of liquor were purported to have been released from bond in San Francisco for use of delegates to the Democratic national convention.

A telegram from Attorney General Palmer at Washington asking that McLaren submit proof of this statement had not been received by him, McLaren said, but would be answered at once when it came. "I never said to any person that Palmer had knowledge of release and use of liquor during the Democratic convention. I never met Palmer and have no means of knowing whether he was aware of any liquor transactions."

"The matter was one of general knowledge among the delegates and the attorney general was in San Francisco at the time."

San Francisco, Oct. 18.—Reports that 40 barrels of whiskey and gin were withdrawn from government bonded warehouses here for the entertainment of the delegates and other visitors to the Democratic national convention, "are being thoroughly investigated," according to an announcement from the office of United States Attorney Frank Silva here today.

The federal grand jury is investigating liquor selling conspiracies but no information could be obtained as to whether the alleged withdrawal of bonded goods for the Democrats was behind the inquisitors.

Things We Don't Understand.

Another thing we do not understand is why good friends should so often puzzle one another by their words and actions. One frequently speaks or acts in a manner inconsistent with his general demeanor toward his warm friend. But life is a continuous warfare. We battle with the powers of darkness and we battle with misunderstandings among men and women. We fight against resentment when friends rub the wrong way and we often suffer in silence as the will power struggles for mastery over human weakness.

The Beth Eden Pastorate.

The regular fall meeting of the joint council will be held at the parsonage next Saturday morning, October 24, at 10 o'clock. All members are urged to be present.

L. P. Boland,
Pastor.

Governor Cox Scathingly Attacks
Senator From Massachusetts in
Day of Active Campaigning,
Concluding at Night With
Large Meeting on Boston
Common.

Boston, Oct. 1.—Scathing attack upon Senator Lodge of Massachusetts and sarcastic criticism of Senator Harding, Republican presidential nominee, were made today by Governor Cox of Ohio during his New England tour, embracing Massachusetts and New Hampshire cities, and ending with a large meeting tonight on Boston Common.

Here in the home state of Senator Lodge, as well as to other audiences today, the Democratic presidential candidate denounced Senator Lodge as "the arch conspirator of the ages" because of his fight against the league of nations. Reiterating that Mr. Lodge headed "a conspiracy to strangle the treaty to death" through the "round robin" Governor Cox urged his Boston audience to "repudiate" Mr. Lodge's leadership and retire him to private life as soon as possible. To New Hampshire audiences Governor Cox urged defeat of Senator Moses, Republican, because he signed the "round robin."

Senator Harding was heaped with sarcasm and ridicule by Governor Cox in virtually every address of the day, with the incident between the president and the senator regarding the latter's statement of French overtures for a new association of nations as the basis.

Attempt at Deception.

"The facts justify the conclusion that Senator Harding has stupidly, though deliberately, attempted to deceive the people of the United States," Governor Cox declared.

Reciting Mr. Harding's explanation of his Des Moines speech "rejecting" the league, Governor Cox added:

"He must think the American people very stupid. He continues to say that they don't understand him."

Expressing belief that a French author and humorist was Senator Harding's source of information regarding French sentiment upon a new association of nations, and commenting upon Senator Harding's letter to President Wilson, Governor Cox said sarcastically:

"Poor Senator Harding has been misunderstood again. It is a pathetic thing that he suffers so much from the dullness of the American people, including newspaper editors and leaders among partisans and opponents."

The league was virtually the exclusive theme today of Governor Cox and his Boston Common address tonight made a total of ten speeches. The governor's denunciation of Senator Lodge was followed by hissing from his Concord and Manchester audiences.

The heights of his attack upon Senator Lodge were reached by the Democratic candidate tonight on Common. Expressing happiness over speaking on the "first forum of America dedicated to free speech and free assemblage," Governor Cox said he desired "to remove clouds and confusion" regarding the league. These, the governor asserted, were "set up in a partisan plot, instigated and led by the archconspirator of the ages, Henry Cabot Lodge of Massachusetts."

Lodge's Name Known.

Stating that Governor Coolidge, Republican vice presidential nominee, had introduced Senator Lodge in Boston as "famous everywhere," Governor Cox continued:

"I have just completed a pilgrimage from the Atlantic to the Pacific and back again, visiting almost every state in the union. I can testify to the governor's statement. Senator Lodge must be known to every man and woman in every city and village in the land, for whoever and whenever I have mentioned his name it has been recognized—and greeted, not with cheers, but with jeers, not with applause but with hisses and loud cries of 'Shame!' 'Shame!' 'Shame!' Judging from this continu-

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